

**UNITED STATES DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION**

UNITED STATES OF AMERICA,

VS.

Case No. C-1-01-486

CINCINNATI REDS, a limited partnership,

Defendant.

JOINT STATUS REPORT

Plaintiff United States of America and defendant Cincinnati Reds, by their undersigned attorneys, make this joint status report pursuant to this Court's Order dated November 26, 2001.

The parties described the status of settlement negotiations in their Joint Motion to Stay Proceedings Pending Settlement, filed November 20, 2001, and in their monthly Joint Status Reports thereafter. The contemplated settlement would resolve this case and numerous cases in other venues (all of which are effectively stayed) and many administrative claims that are either pending before the Internal Revenue Service or that are likely to be filed with the IRS in the future.

Discussions between negotiators for all Major League Baseball Clubs, the United States Department of Justice and the Internal Revenue Service have resulted a draft settlement offer that contains more than 20 pages of single-spaced text, a 12-page appendix and several hundred pages of attachments.

As described in the previous Joint Status Report, there have been significant discussions between negotiators for the Clubs and the Government in recent months. The negotiators continue to exchange and review drafts, most recently a draft from the Clubs on May 18, 2004, with revisions that reflected the negotiators' continuing discussion. Further discussions continue.

The parties continue to work cooperatively, and negotiators for the Clubs hope a final draft will be agreed upon by the negotiators in the very near future and be submitted as a formal offer by the Clubs to the Government. The magnitude of the settlement, the number of issues that must be resolved in the settlement agreement and the Government's protocol for reviewing settlement offers in large tax cases explain why more time is needed to finish the task.

The negotiators for the parties continue to believe that proceeding with this litigation would not be a judicious use of the Court's or the parties' resources. They therefore jointly ask the Court to make no change in the November 26, 2001 Order staying proceedings.

Dated: June 1, 2004

TAFT, STETTINIUS & HOLLISTER LLP

/s/ R. Joseph Parker
R. Joseph Parker
425 Walnut Street, Suite 1800
Cincinnati, Ohio 45202-3957
Telephone: (513) 357-9344

Attorneys for Defendant
Cincinnati Reds

Dated: June 1, 2004

UNITED STATES OF AMERICA

GREGORY G. LOCKHART
United States Attorney
JAN HOLTZMAN
Assistant United States Attorney

/s/ Alejandro L. Bertoldo
Alejandro L. Bertoldo
Trial Attorney, Tax Division
U.S. Department of Justice
P.O. Box 55
Ben Franklin Station
Washington, D.C. 20044
Telephone: (202) 307-6019

Attorneys for Plaintiff
United States of America

CERTIFICATE OF SERVICE

I hereby certify that on this 1st day of June, 2004, I caused a copy of the foregoing document to be sent to Alejandro L. Bertoldo, Trial Attorney, Tax Division, U.S. Department of Justice, P.O. Box 55, Ben Franklin Station, Washington, D.C. 20044 by electronic mail.

/s/ R. Joseph Parker
R. Joseph Parker